



LIFE AND ACCIDENT AND HEALTH COMPANIES —ASSOCIATION EDITION

# QUARTERLY STATEMENT

AS OF MARCH 31, 2003  
OF THE CONDITION AND AFFAIRS OF THE

## COLONIAL LIFE & ACCIDENT INSURANCE COMPANY

NAIC Group Code 0565 (Current Period) 0565 (Prior Period) NAIC Company Code 62049 Employer's ID Number 57-0144607

Organized under the Laws of South Carolina, State of Domicile or Port of Entry \_\_\_\_\_

Country of Domicile United States of America

Incorporated 04/18/1939 Commenced Business 09/22/1939

Statutory Home Office 1200 Colonial Life Boulevard, Columbia, SC 29210  
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 1200 Colonial Life Boulevard  
(Street and Number) Columbia, SC 29210  
(City or Town, State and Zip Code) 803-798-7000  
(Area Code) (Telephone Number)

Mail Address 1200 Colonial Life Boulevard, Columbia, SC 29210  
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 1200 Colonial Life Boulevard  
(Street and Number) Columbia, SC 29210  
(City or Town, State and Zip Code) 803-798-7000  
(Area Code) (Telephone Number)

Internet Website Address www.coloniallife.com

Statutory Statement Contact VICKI WRIGHT CORBETT 423-755-1373  
(Name) (Area Code) (Telephone Number) (Extension)  
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Policyowner Relations Contact 1200 Colonial Life Boulevard  
(Street and Number) Columbia, SC 29210  
(City or Town, State and Zip Code) 803-845-7330  
(Area Code) (Telephone Number) (Extension)

### OFFICERS

President JEAN ELLEN DUKE Secretary SUSAN NANCE ROTH  
Treasurer JOHN JOSEPH IWANICKI Actuary RICHARD JOSEPH POLLARD

### VICE PRESIDENTS

FLOYD DEAN COPELAND ROBERT CARL GREVING VICKI WRIGHT CORBETT

### DIRECTORS OR TRUSTEES

THOMAS ROS WATJEN WILLIAM LESTER ARMSTRONG CYNTHIA ANN MONTGOMERY  
FLOYD DEAN COPELAND

State of TENNESSEE SS  
County of HAMILTON

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures Manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

JEAN ELLEN DUKE President SUSAN NANCE ROTH Secretary JOHN JOSEPH IWANICKI Treasurer

Subscribed and sworn to before me this 8 day of MAY, 2003

JOAN PORTERFIELD  
JOAN PORTERFIELD

MARCH 28, 2005

**STATEMENT AS OF MARCH 31, 2003 OF THE COLONIAL LIFE & ACCIDENT INSURANCE COMPANY**

**ASSETS**

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds .....	1,012,131,636		1,012,131,636	962,106,972
2. Stocks:				
2.1 Preferred stocks .....	200,000		200,000	200,000
2.2 Common stocks .....				
3. Mortgage loans on real estate:				
3.1 First liens .....	38,579,333		38,579,333	41,042,974
3.2 Other than first liens .....				
4. Real estate:				
4.1 Properties occupied by the company (less \$ ..... 0 encumbrances) .....	9,815,491		9,815,491	9,942,611
4.2 Properties held for the production of income (less \$ ..... 0 encumbrances) .....	1,638,236		1,638,236	1,670,673
4.3 Properties held for sale (less \$ ..... 0 encumbrances) .....	602,975		602,975	602,975
5. Cash (\$ ..... (6,762,963) ) and short -term investments (\$ ..... 14,879,477 ) .....	8,116,514		8,116,514	5,444,483
6. Contract loans, (including \$ ..... 0 premium notes)	29,051,554		29,051,554	28,426,091
7. Other invested assets .....	201,107		201,107	201,027
8. Receivable for securities .....	8,109,564		8,109,564	12,428
9. Aggregate write-ins for invested assets .....				
10. Subtotals, cash and invested assets (Lines 1 to 9) .....	1,108,446,411		1,108,446,411	1,049,650,234
11. Investment income due and accrued .....	15,850,623		15,850,623	17,015,467
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in the course of collection .....	37,453,659	1,541,308	35,912,351	33,368,165
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... 12,762,780 earned but unbilled premiums) .....	8,320,228		8,320,228	7,049,367
12.3 Accrued retrospective premiums .....				
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers .....	4,815,860		4,815,860	7,701,808
13.2 Funds held by or deposited with reinsured companies .....				
13.3 Other amounts receivable under reinsurance contracts .....	5,818,508		5,818,508	672,039
14. Amounts receivable relating to uninsured plans .....				
15.1 Current federal and foreign income tax recoverable and interest thereon .....				
15.2 Net deferred tax asset .....	148,888,000	113,358,000	35,530,000	38,491,000
16. Guaranty funds receivable or on deposit .....	1,322,729		1,322,729	1,286,671
17. Electronic data processing equipment and software .....	4,677,245	3,125,061	1,552,185	2,069,579
18. Furniture and equipment, including health care delivery assets (\$ ..... 0 ) .....	3,549,612	3,549,612	0	0
19. Net adjustment in assets and liabilities due to foreign exchange rates .....				
20. Receivables from parent, subsidiaries and affiliates .....	35,805,600		35,805,600	29,284,243
21. Health care (\$ ..... 0 ) and other amounts receivable .....	70,713,199	70,713,199	0	0
22. Other assets nonadmitted .....	102,971	102,971	0	0
23. Aggregate write-ins for other than invested assets .....	12,280,717	5,386,873	6,893,843	6,932,686
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23) .....	1,458,045,360	197,777,023	1,260,268,336	1,193,521,259
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
26. Total (Lines 24 and 25) .....	1,458,045,360	197,777,023	1,260,268,336	1,193,521,259
<b>DETAILS OF WRITE-INS</b>				
0901. ....				
0902. ....				
0903. ....				
0998. Summary of remaining write-ins for Line 9 from overflow page .....				
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above) .....				
2301. Funds withheld - LNL .....	6,503,713		6,503,713	6,542,556
2302. Corporate owned life insurance .....	390,130		390,130	390,130
2303. Prepaid expenses .....	5,386,873	5,386,873	0	0
2398. Summary of remaining write-ins for Line 23 from overflow page .....				
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above) .....	12,280,717	5,386,873	6,893,843	6,932,686

STATEMENT AS OF MARCH 31, 2003 OF THE COLONIAL LIFE & ACCIDENT INSURANCE COMPANY

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Aggregate reserve for Life contracts \$ 447,470,709 less \$ 0 included in Line 6.3 (including \$ 0 Modco Reserve)	447,470,709	431,581,728
2. Aggregate reserve for accident and health contracts (including \$ 0 Modco Reserve)	447,006,123	427,615,444
3. Liability for deposit-type contracts (including \$ 0 Modco Reserve)	25,696	27,696
4. Contract claims:		
4.1 Life	8,449,301	6,855,561
4.2 Accident and health	78,151,491	75,211,655
5. Policyholders' dividends \$ and coupons \$ due and unpaid		
6. Provision for policyholders' dividends and coupons payable in following calendar year—estimated amounts:		
6.1 Dividends apportioned for payment to (including \$ Modco)		
6.2 Dividends not yet apportioned (including \$ Modco)		
6.3 Coupons and similar benefits (including \$ Modco)		
7. Amount provisionally held for deferred dividend policies not included in Line 6		
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$ 0 discount; including \$ 4,547,065 accident and health premiums	4,631,357	3,245,312
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts		
9.2 Provision for experience rating refunds, including \$ accident and health experience rating refunds		
9.3 Other amounts payable on reinsurance, including \$ 184,638 assumed and \$ 726,996 ceded	911,634	1,919,070
9.4 Interest Maintenance Reserve	6,301,174	7,137,168
10. Commissions to agents due or accrued—life and annuity contracts \$ 1,209,796 accident and health \$ 19,521,758 and deposit-type contract funds \$ 0	20,731,554	20,593,640
11. Commissions and expense allowances payable on reinsurance assumed		
12. General expenses due or accrued	605,875	608,252
13. Transfers to Separate Accounts due or accrued (net) (Including \$ 0 accrued for expense allowances recognized in reserves, net of reinsured allowances)		
14. Taxes, licenses and fees due or accrued, excluding federal income taxes	5,120,917	5,679,025
15.1 Current Federal and foreign income taxes, including \$ 1,156,000 on realized capital gains (losses)	6,151,142	1,027,820
15.2 Net deferred tax liability		
16. Unearned investment income	232,723	232,723
17. Amounts withheld or retained by company as agent or trustee	568,765	782,859
18. Amounts held for agents' account, including \$ 1,537,355 agents' credit balances	1,537,355	1,820,720
19. Remittances and items not allocated	16,989,121	14,258,518
20. Net adjustment in assets and liabilities due to foreign exchange rates		
21. Liability for benefits for employees and agents if not included above	1,573,199	1,614,012
22. Borrowed money \$ and interest thereon \$		
23. Dividends to stockholders declared and unpaid		
24. Miscellaneous liabilities:		
24.1 Asset valuation reserve	1,712,477	1,258,540
24.2 Reinsurance in unauthorized companies		
24.3 Funds held under reinsurance treaties with unauthorized reinsurers		
24.4 Payable to parent, subsidiaries and affiliates	8,592,255	0
24.5 Drafts outstanding		
24.6 Liability for amounts held under uninsured accident and health plans		
24.7 Funds held under coinsurance		
24.8 Payable for securities	17,987,730	0
24.9 Capital notes \$ and interest thereon \$		
25. Aggregate write-ins for liabilities	3,837,966	4,395,363
26. Total Liabilities excluding Separate Accounts business (Lines 1 to 25)	1,078,588,565	1,005,865,106
27. From Separate Accounts Statement		
28. Total Liabilities (Lines 26 and 27)	1,078,588,565	1,005,865,106
29. Common capital stock	15,076,209	15,076,209
30. Preferred capital stock		
31. Aggregate write-ins for other than special surplus funds	12,704,235	13,155,870
32. Surplus notes		
33. Gross paid in and contributed surplus	2,369,298	2,369,298
34. Aggregate write-ins for special surplus funds		
35. Unassigned funds (surplus)	151,530,030	157,054,776
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 29 \$ )		
36.2 shares preferred (value included in Line 30 \$ )		
37. Surplus (total Lines 31 + 32 + 33 + 34 + 35 - 36) (Including \$ 0 in Separate Accounts Statement)	166,603,562	172,579,944
38. Totals of Lines 29, 30 and 37	181,679,771	187,656,153
39. Totals of Lines 28 and 38	1,260,268,336	1,193,521,259
<b>DETAILS OF WRITE-INS</b>		
2501. Reserve for unclaimed property	3,833,692	4,389,540
2502. Miscellaneous amounts payable	4,275	5,823
2503.		
2598. Summary of remaining write-ins for Line 25 from overflow page		
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	3,837,966	4,395,363
3101. Deferred gains on reinsurance of inforce block of business	12,704,235	13,155,870
3102.		
3103.		
3198. Summary of remaining write-ins for Line 31 from overflow page		
3199. Totals (Lines 3101 thru 3103 plus 3198)(Line 31 above)	12,704,235	13,155,870
3401.		
3402.		
3403.		
3498. Summary of remaining write-ins for Line 34 from overflow page		
3499. Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above)		

STATEMENT AS OF MARCH 31, 2003 OF THE COLONIAL LIFE & ACCIDENT INSURANCE COMPANY

**SUMMARY OF OPERATIONS**

(Excluding Unrealized Capital Gains and Losses)

	1 Current Year To Date	2 Prior Year Year to Date	3 Prior Year Ended December 31
1. Premiums and annuity considerations for life and accident and health contracts	189,557,773	163,609,313	666,344,588
2. Considerations for supplementary contracts with life contingencies			
3. Net investment income	20,971,679	18,709,188	82,665,536
4. Amortization of Interest Maintenance Reserve (IMR)	213,775	76,207	550,819
5. Separate Accounts net gain from operations excluding unrealized gains or losses			
6. Commissions and expense allowances on reinsurance ceded	2,432,006	5,876,137	19,904,433
7. Reserve adjustments on reinsurance ceded			
8. Miscellaneous Income:			
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts			
8.2 Charges and fees for deposit-type contracts			
8.3 Aggregate write-ins for miscellaneous income	2,661	3,487	34,897
9. Totals (Lines 1 to 8.3)	213,177,894	188,274,331	769,500,273
10. Death benefits	10,354,594	5,863,654	25,845,548
11. Matured endowments (excluding guaranteed annual pure endowments)	52,202	44,528	287,125
12. Annuity benefits	1,617	5,258	12,547
13. Disability benefits and benefits under accident and health contracts	67,019,496	64,343,163	260,931,423
14. Coupons, guaranteed annual pure endowments and similar benefits			
15. Surrender benefits and withdrawals for life contracts	5,719,488	5,613,590	22,940,671
16. Group conversions			
17. Interest and adjustments on contract or deposit-type contract funds	2,136	209	7,156
18. Payments on supplementary contracts with life contingencies	275	275	642
19. Increase in aggregate reserves for life and accident and health contracts	35,279,660	20,131,624	77,838,526
20. Totals (Lines 10 to 19)	118,429,469	96,002,301	387,863,638
21. Commissions on premiums, annuity considerations, and deposit-type contract funds(direct business only)	43,716,663	38,682,605	157,199,273
22. Commissions and expense allowances on reinsurance assumed	31,793	66,000	234,000
23. General insurance expenses	27,950,402	24,786,855	106,253,919
24. Insurance taxes, licenses and fees, excluding federal income taxes	5,167,161	5,376,985	20,120,288
25. Increase in loading on deferred and uncollected premiums	800,516	2,650,240	(2,198,909)
26. Net transfers to or (from) Separate Accounts net of reinsurance			
27. Aggregate write-ins for deductions	5,375	472	8,014
28. Totals (Lines 20 to 27)	196,101,380	167,565,458	669,480,223
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	17,076,514	20,708,873	100,020,050
30. Dividends to policyholders			
31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30)	17,076,514	20,708,873	100,020,050
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	7,647,175	8,189,895	41,409,527
33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32)	9,429,340	12,518,978	58,610,523
34. Net realized capital gains or (losses) less capital gains tax of \$ 0 (excluding taxes of \$ (335,041) transferred to the IMR)	(6,156,863)	(12,341,512)	(30,979,272)
35. Net income (Line 33 plus Line 34)	3,272,476	177,467	27,631,251
<b>CAPITAL AND SURPLUS ACCOUNT</b>			
36. Capital and surplus, December 31, prior year	187,656,154	217,061,537	217,061,537
37. Net income (Line 35)	3,272,476	177,467	27,631,251
38. Change in net unrealized capital gains (losses)	5,467,500	(806,361)	(1,889,223)
39. Change in net unrealized foreign exchange capital gain (loss)			
40. Change in net deferred income tax	(3,135,000)	3,986,000	15,498,000
41. Change in non-admitted assets and related items	3,164,214	(87,036)	(2,735,528)
42. Change in liability for reinsurance in unauthorized companies			
43. Change in reserve on account of change in valuation basis, (increase) or decrease			
44. Change in asset valuation reserve	(453,937)	7,279,307	7,547,691
45. Change in treasury stock			
46. Surplus (contributed to) withdrawn from Separate Accounts during period			
47. Other changes in surplus in Separate Accounts Statement			
48. Change in surplus notes			
49. Cumulative effect of changes in accounting principles			
50. Capital changes:			
50.1 Paid in			
50.2 Transferred from surplus (Stock Dividend)			
50.3 Transferred to surplus			
51. Surplus adjustment:			
51.1 Paid in			
51.2 Transferred to capital (Stock Dividend)			
51.3 Transferred from capital			
51.4 Change in surplus as a result of reinsurance	(451,635)	(603,114)	(5,457,575)
52. Dividends to stockholders	(10,000,000)	(25,000,000)	(70,000,000)
53. Aggregate write-ins for gains and losses in surplus	(3,840,001)	0	0
54. Net change in capital and surplus for the year (Lines 37 through 53)	(5,976,383)	(15,053,737)	(29,405,383)
55. Capital and surplus, as of statement date (Lines 36 + 54)	181,679,771	202,007,800	187,656,154
<b>DETAILS OF WRITE-INS</b>			
08.301. Other income	2,661	3,487	34,897
08.302.			
08.303.			
08.398. Summary of remaining write-ins for Line 8.3 from overflow page			
08.399. TOTALS (Lines 08.301 thru 08.303 plus 08.398)(Line 8.3 above)	2,661	3,487	34,897
2701. Interest on non-insurance obligations	0	48	7,536
2702. Fines and penalties paid to regulatory authorities	5,375	424	477
2703.			
2798. Summary of remaining write-ins for Line 27 from overflow page			
2799. Totals (Lines 2701 thru 2703 plus 2798)(Line 27 above)	5,375	472	8,014
5301. Prior year adjustment for other than temporary bond impairment	(3,840,001)	0	0
5302.			
5303.			
5398. Summary of remaining write-ins for Line 53 from overflow page			
5399. Totals (Lines 5301 thru 5303 plus 5398)(Line 53 above)	(3,840,001)	0	0

STATEMENT AS OF MARCH 31, 2003 OF THE COLONIAL LIFE & ACCIDENT INSURANCE COMPANY

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance	187,031,781	663,388,640
2. Net investment income	20,868,709	81,797,951
3. Miscellaneous income	1,983,062	14,481,797
4. Total (Lines 1 to 3)	209,883,552	759,668,388
5. Benefits and loss related payments	75,730,285	302,557,820
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	77,293,965	285,091,868
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) \$ 0 net tax on capital gains (losses)	2,523,853	36,412,000
10. Total (Lines 5 through 9)	155,548,102	624,061,688
11. Net cash from operations (Line 4 minus Line 10)	54,335,450	135,606,700
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	69,011,549	201,331,052
12.2 Stocks	0	80,269
12.3 Mortgage loans	2,463,641	12,905,739
12.4 Real estate	0	600,000
12.5 Other invested assets	221	6,450
12.6 Net gains or (losses) on cash and short-term investments		
12.7 Miscellaneous proceeds	9,897,995	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	81,373,406	214,923,510
13. Cost of investments acquired (long-term only):		
13.1 Bonds	122,708,403	291,439,625
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate	52,021	1,035,676
13.5 Other invested assets	301	7,113
13.6 Miscellaneous applications	0	4,308
13.7 Total investments acquired (Lines 13.1 to 13.6)	122,760,725	292,486,722
14. Net increase (or decrease) in policy loans and premium notes	625,463	2,567,144
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(42,012,783)	(80,130,356)
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds received		
16.4 Net deposits on deposit-type contracts and other insurance liabilities	(2,000)	(13,000)
16.5 Dividends to stockholders	10,000,000	70,000,000
16.6 Other cash provided (applied)	351,364	(22,196,645)
17. Net cash from financing and miscellaneous sources (Line 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	(9,650,636)	(92,209,645)
<b>RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash and short-term investments (Line 11 plus Line 15 plus Line 17)	2,672,031	(36,733,301)
19. Cash and short-term investments:		
19.1 Beginning of period	5,444,482	42,177,784
19.2 End of period (Line 18 plus Line 19.1)	8,116,514	5,444,482

**EXHIBIT 1**

**DIRECT PREMIUMS AND DEPOSIT-TYPE CONTRACTS**

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year Ended December 31
1. Industrial Life .....			
2. Ordinary Life Insurance .....	37,566,048	33,569,655	130,195,197
3. Ordinary Individual Annuities .....	11,158	11,255	49,383
4. Credit Life (Group & Individual) .....			
5. Group Life Insurance .....	2,221,005	2,231,884	9,081,600
6. Group Annuities .....			
7. A & H - Group .....	9,020,194	8,802,495	32,944,577
8. A & H - Credit (Group & Individual) .....			
9. A & H - Other .....	144,739,863	135,319,255	543,997,476
10. Aggregate of All Other Lines of Business .....			
11. Subtotal .....	193,558,267	179,934,545	716,268,233
12. Deposit-Type Contracts .....			
13. Total	193,558,267	179,934,545	716,268,233
<b>DETAILS OF WRITE-INS</b>			
1001. ....			
1002. ....			
1003. ....			
1098. Summary of remaining write-ins for Line 10 from overflow page .....			
1099. Totals (Lines 1001 thru 1003 plus 1098)(Line 10 above)			

## NOTES TO FINANCIAL STATEMENTS

### 1. Prior Year Adjustment for Other-Than-Temporary Bond Impairment

During 2002, 2001 and 2000, Colonial Life and Accident Insurance Company (the Company) recorded other than temporary impairments on certain of its bonds based on values that included their quoted market prices, as well as to give effect to analysis by the Company with respect to certain issuers of bonds that perhaps was not reflected in those market prices. The Company has concluded that not relying solely on quoted market prices for its other than temporary impairment charges was an erroneous interpretation of Statements of Statutory Accounting Principles No. 26, *Bonds, excluding Loan-backed and Structured Securities* (SSAP 26). The impact to the Company's surplus was \$(3.8) million at December 31, 2002. The Company had filed its 2002 Statutory Annual Statement at the time it determined that the provisions of SSAP 26 had been inappropriately applied. As such, the correction was not included in the Company's 2002 Statutory Annual Statement, but was recorded during the first quarter of 2003 and is reported on line 53 of the Summary of Operations as an adjustment to surplus.

### 2. Contingencies

UnumProvident Corporation (UnumProvident) and its insurance company subsidiaries, including the Company, as part of their normal operations in managing disability claims are engaged in claim litigation where disputes arise as a result of a denial or termination of benefits. Most typically those lawsuits are filed on behalf of a single claimant or policyholder, and in some of these individual actions punitive damages are sought, such as claims alleging bad faith in the handling of insurance claims. Management expects that the ultimate liability, if any, with respect to claim litigation will not be material to the financial condition of the Company. Nevertheless, given the inherent unpredictability of litigation, it is possible that an adverse outcome in certain claim litigation involving punitive damages could, from time to time, have a material adverse effect on the Company's results of operations in a particular reporting period.

Additionally, from time to time class action allegations are pursued where the claimant or policyholder purports to represent a larger number of individuals who are similarly situated. Since each insurance claim is evaluated based on its own merits, there is rarely a single act or series of actions, which can properly be addressed by a class action. Nevertheless, the Company monitors these cases closely and defends itself appropriately where these allegations are made. Four such purported class actions are described below.

On November 4, 2002 the case of Theresa Keir et al. v. UnumProvident Corporation et al. (Keir) was filed in the United States District Court for the Southern District of New York. This case purports to be a class action. The plaintiffs in Keir are seeking representative status of a class of group long-term disability participants insured under ERISA plans whose claims were denied or terminated on or after June 30, 1999. The amended complaint alleges that these claimants had their claims improperly challenged and allege that UnumProvident and its insurance subsidiaries, including the Company, breached certain fiduciary duties owed to these participants in ERISA plans in which the Company is the claims adjudicator. The Company maintains that the allegations are false and that the claims, as framed, are not permissible under ERISA's carefully structured avenues of relief. A substantive motion to dismiss was denied on April 29, 2003. In addition, the Company does not believe that a class action should be certified under these circumstances. The Company will vigorously defend against any future attempt to certify the class in Keir.

On December 26, 2002 the case of Impress Communications Inc. and Jeff Chiarella v. UnumProvident et al. (Impress) was filed in Los Angeles Superior Court as a purported class action. The plaintiffs in Impress seek representative status of all California policyholders of each of the insurance subsidiaries of UnumProvident who have never filed a claim with the Company and who allegedly were misled into purchasing coverage with the Company without full disclosure of the Company's alleged improper claim paying practices. The complaint was removed to the United States District Court for the Central District of California on February 7, 2003. Plaintiffs filed a motion to remand the case to state court, but that motion was denied on April 22, 2003. The Company strongly denies the allegations in the complaint and will vigorously defend both the substantive and procedural aspects of the litigation.

On February 11, 2003, the case of Marcia Harris, et al. v. UnumProvident Corporation, et al., was filed in the Circuit Court of St. Clair County, Illinois. This case purports to be a class action. The complaint alleges that individuals were wrongfully denied benefits and alleges causes of action under breach of contract, breach of the covenant of good faith and fair dealing, violation of the Illinois Consumer Fraud Act, common law fraud, intentional misrepresentation, and breach of fiduciary duty. Alternatively, the complaint alleges violations of ERISA. The complaint seeks injunctive and declaratory relief as well as restitution and punitive damages. On April 4, 2003 the case was removed to the United States District Court for the Southern District of Illinois. The Company strongly denies the allegations in the complaint and will vigorously defend the litigation.

On April 30, 2003, the case of Carol J. Taylor, on behalf of herself and all others similarly situated v. UnumProvident Corporation, et al., was filed in the Circuit Court for Shelby County, Tennessee in the Thirteenth Judicial District at Memphis. The plaintiff seeks to represent all individuals who were insured by long-term disability policies issued by subsidiaries of UnumProvident and who did not obtain their coverage through employer sponsored plans and who had a claim denied, terminated or suspended by a UnumProvident subsidiary after January 1, 1995. Plaintiff alleges that UnumProvident and its subsidiaries, including the Company, employed various unfair claim practices in assessing entitlement to benefits by class members during this period and as a result wrongfully denied legitimate claims. The plaintiff and the class seek contractual, equitable and injunctive relief. The defendants strongly deny the allegations in the complaint, do not believe that class certification is appropriate for the relief sought and will vigorously defend the litigation.

STATEMENT AS OF MARCH 31, 2003 OF THE COLONIAL LIFE & ACCIDENT INSURANCE COMPANY

**GENERAL INTERROGATORIES**

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

**PART 1 - COMMON INTERROGATORIES  
GENERAL**

- 1.1 Did the reporting entity implement any significant accounting policy changes which would require disclosure in the Notes to the Financial Statements? ..... Yes [ ] No [X]
- 1.2 If yes, explain:  
.....
- 2.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? ..... Yes [ ] No [X]
- 2.2 If yes, has the report been filed with the domiciliary state? ..... Yes [ ] No [ ]
- 3.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? ..... Yes [ ] No [X]
- 3.2 If yes, date of change: .....  
If not previously filed, furnish herewith a certified copy of the instrument as amended.
4. Have there been any substantial changes in the organizational chart since the prior quarter end? ..... Yes [X] No [ ]  
If yes, attach an explanation.
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? ..... Yes [ ] No [X]
- 5.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

6. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? ..... Yes [ ] No [X] NA [ ]  
If yes, attach an explanation.
- 7.1 State as of what date the latest financial examination of the reporting entity was made or is being made. .... 12/31/1999
- 7.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. .... 12/31/1999
- 7.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). .... 10/18/2000
- 7.4 By what department or departments?  
Delaware, Nevada, and South Carolina .....
- 8.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.) ..... Yes [ ] No [X]
- 8.2 If yes, give full information:  
.....
- 9.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? ..... Yes [ ] No [X]
- 9.2 If response to 9.1 is yes, please identify the name of the bank holding company.  
.....
- 9.3 Is the company affiliated with one or more banks, thrifts or securities firms? ..... Yes [ ] No [X]
- 9.4 If response to 9.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC

STATEMENT AS OF MARCH 31, 2003 OF THE COLONIAL LIFE & ACCIDENT INSURANCE COMPANY

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

INVESTMENT

10.1 Has there been any change in the reporting entity's own preferred or common stock? ..... Yes [ ] No [X]

10.2 If yes, explain:  
.....

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) ..... Yes [ ] No [X]

11.2 If yes, give full and complete information relating thereto:  
.....

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: ..... \$ ..... 167,494

13. Amount of real estate and mortgages held in short-term investments: ..... \$ ..... 0

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? ..... Yes [ ] No [X]

14.2 If yes, please complete the following:

	1 Prior Year-End Statement Value	2 Current Quarter Statement Value
14.21 Bonds .....	\$ .....	\$ .....
14.22 Preferred Stock .....	\$ .....	\$ .....
14.23 Common Stock .....	\$ .....	\$ .....
14.24 Short-term Investments .....	\$ .....	\$ .....
14.25 Mortgages, Loans or Real Estate .....	\$ .....	\$ .....
14.26 All Other .....	\$ .....	\$ .....
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26) .....	\$ .....	\$ .....
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above .....	\$ .....	\$ .....
14.29 Receivable from Parent not included in Lines 14.21 to 14.26 above .....	\$ .....	\$ .....

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? ..... Yes [ ] No [X]

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes [ ] No [ ]

If no, attach a description with this statement.

16. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? ..... Yes [X] No [ ]

16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address
JPMorgan Chase Bank .....	New York, NY .....

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
NONE .....		

16.3 Have there been any changes, including name changes in the custodian(s) identified in 16.1 during the current quarter? ..... Yes [ ] No [X]

16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

16.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
NONE .....	Provident Investment Management, LLC .....	Chattanooga, TN .....
30172 .....	Metropolitan West Securities, LLC .....	Los Angeles, CA .....
NONE .....	JPMorgan Fleming Asset Management .....	New York, NY .....

## GENERAL INTERROGATORIES (continued)

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

### PART 2 - LIFE & HEALTH

	1 Amount
1. Report the statement value of mortgage loans at the end of this reporting period for the following categories:	
1.1 Long-Term Mortgages In Good Standing	
1.11 Farm Mortgages .....	\$ .....
1.12 Residential Mortgages .....	\$ .....
1.13 Commercial Mortgages .....	\$ 38,579,333
1.14 Total Mortgages in Good Standing .....	\$ 38,579,333
1.2 Long-Term Mortgages In Good Standing with Restructured Terms	
1.21 Total Mortgages in Good Standing .....	\$ .....
1.3 Long-Term Mortgages Loans Upon which Interest is Overdue more than Three Months	
1.31 Farm Mortgages .....	\$ .....
1.32 Residential Mortgages .....	\$ .....
1.33 Commercial Mortgages .....	\$ .....
1.34 Total Mortgages with Interest Overdue more than Three Months .....	\$ .....
1.4 Long-Term Mortgages Loans in Process of Foreclosure	
1.41 Farm Mortgages .....	\$ .....
1.42 Residential Mortgages .....	\$ .....
1.43 Commercial Mortgages .....	\$ .....
1.44 Total Mortgages in Process of Foreclosure .....	\$ .....
1.5 Total Mortgage Loans (Lines 1.14 + 1.21 + 1.34 + 1.44) (Page 2, Col. 3, Lines 3.1 plus 3.2) .....	\$ 38,579,333
1.6 Long-Term Mortgages Foreclosed, Properties Transferred to Real Estate in Current Quarter	
1.61 Farm Mortgages .....	\$ .....
1.62 Residential Mortgages .....	\$ .....
1.63 Commercial Mortgages .....	\$ .....
1.64 Total Mortgages Foreclosed and Transferred to Real Estate .....	\$ .....

**SCHEDULE A - VERIFICATION**

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	12,216,260	12,330,457
2. Increase (decrease) by adjustment .....	(211,578)	(839,249)
3. Cost of acquired .....		
4. Cost of additions to and permanent improvements .....	52,021	1,035,676
5. Total profit (loss) on sales .....		289,376
6. Increase (decrease) by foreign exchange adjustment .....		
7. Amount received on sales .....		600,000
8. Book/adjusted carrying value at end of current period .....	12,056,703	12,216,260
9. Total valuation allowance .....		
10. Subtotal (Lines 8 plus 9) .....	12,056,703	12,216,260
11. Total nonadmitted amounts .....		
12. Statement value, current period (Page 2, real estate lines, current period)	12,056,703	12,216,260

**SCHEDULE B - VERIFICATION**

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	41,042,974	53,904,274
2. Amount loaned during period:		
2.1. Actual cost at time of acquisitions .....		
2.2. Additional investment made after acquisitions .....		
3. Accrual of discount and mortgage interest points and commitment fees .....		
4. Increase (decrease) by adjustment .....		44,439
5. Total profit (loss) on sale .....		12,905,739
6. Amounts paid on account or in full during the period .....	2,463,641	
7. Amortization of premium .....		
8. Increase (decrease) by foreign exchange adjustment .....		
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period .....	38,579,333	41,042,974
10. Total valuation allowance .....		
11. Subtotal (Lines 9 plus 10) .....	38,579,333	41,042,974
12. Total nonadmitted amounts .....		
13. Statement value of mortgages owned at end of current period	38,579,333	41,042,974

**SCHEDULE BA - VERIFICATION****Other Invested Assets Included in Schedule BA**

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	201,027	200,364
2. Cost of acquisitions during period:		
2.1. Actual cost at time of acquisitions .....		
2.2. Additional investment made after acquisitions .....	301	7,113
3. Accrual of discount .....		
4. Increase (decrease) by adjustment .....		
5. Total profit (loss) on sale .....		6,450
6. Amounts paid on account or in full during the period .....	221	
7. Amortization of premium .....		
8. Increase (decrease) by foreign exchange adjustment .....		
9. Book/adjusted carrying value of long-term invested assets at end of current period .....	201,107	201,027
10. Total valuation allowance .....		
11. Subtotal (Lines 9 plus 10) .....	201,107	201,027
12. Total nonadmitted amounts .....		
13. Statement value of long-term invested assets at end of current period	201,107	201,027

**SCHEDULE D - VERIFICATION**

	1 Year to Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year .....	958,466,972	894,321,062
2. Cost of bonds and stocks acquired .....	122,708,403	291,439,625
3. Accrual of discount .....	1,805,190	4,680,978
4. Increase (decrease) by adjustment .....	(2,150,510)	(36,568,606)
5. Increase (decrease) by foreign exchange adjustment .....		
6. Total profit (loss) on disposal .....	838,927	10,967,047
7. Consideration for bonds and stocks disposed of .....	69,011,549	201,411,321
8. Amortization of premium .....	325,797	1,121,812
9. Book/adjusted carrying value, current period .....	1,012,331,636	962,306,972
10. Total valuation allowance .....		
11. Subtotal (Lines 9 plus 10) .....	1,012,331,636	962,306,972
12. Total nonadmitted amounts .....		
13. Statement value (Lines 11 minus 12)	1,012,331,636	962,306,972

Column 1, line 1 decreased \$3,840,000 due to prior period adjustments

STATEMENT AS OF MARCH 31, 2003 OF THE COLONIAL LIFE & ACCIDENT INSURANCE COMPANY

**SCHEDULE D - PART 1B**  
Showing the Acquisitions, Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1	2	3	4	5	6	7	8
	Book/Adjusted Carrying Value Beginning of Current Quarter	Acquisitions During Current Quarter	Dispositions During Current Quarter	Non-Trading Activity During Current Quarter	Book/Adjusted Carrying Value End of First Quarter	Book/Adjusted Carrying Value End of Second Quarter	Book/Adjusted Carrying Value End of Third Quarter	Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. Class 1	404,628,333	532,567,620	477,979,371	5,641,838	464,858,420			404,628,333
2. Class 2	455,708,375	36,402,015	9,953,634	(19,379,408)	462,777,348			455,708,375
3. Class 3	51,678,342		13,371,313	(1,039,958)	37,267,071			51,678,342
4. Class 4	39,423,892		8,128,376	12,718,028	44,013,544			39,423,892
5. Class 5	18,920,027		4,966,917	(1,038,380)	12,914,730			18,920,027
6. Class 6	6,252,500		2,500,000	1,427,500	5,180,000			10,092,500
7. Total Bonds	976,611,469	568,969,635	516,899,611	(1,670,380)	1,027,011,113			980,451,469
<b>PREFERRED STOCK</b>								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5	200,000				200,000			200,000
13. Class 6								
14. Total Preferred Stock	200,000				200,000			200,000
15. Total Bonds and Preferred Stock	976,811,469	568,969,635	516,899,611	(1,670,380)	1,027,211,113			980,651,469

Column 1, line 6 decreased \$3,840,000 due to prior period adjustments

**SCHEDULE DA - PART 1**

## Short-Term Investments Owned End of Current Quarter

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Amount of Interest Received Current Quarter	Paid for Accrued Interest
8099999 Totals	14,879,477	XXX	14,879,477		

**SCHEDULE DA - PART 2- Verification**

## Short-Term Investments Owned

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	18,344,497	46,979,037
2. Cost of short-term investments acquired.....	446,261,232	1,209,514,672
3. Increase (decrease) by adjustment.....		
4. Increase (decrease) by foreign exchange adjustment.....		
5. Total profit (loss) on disposal of short-term investments.....		
6. Consideration received on disposal of short-term investments.....	449,726,252	1,238,149,212
7. Book/adjusted carrying value, current period.....	14,879,477	18,344,497
8. Total valuation allowance.....		
9. Subtotal (Lines 7 plus 8).....	14,879,477	18,344,497
10. Total nonadmitted amounts.....		
11. Statement value (Lines 9 minus 10).....	14,879,477	18,344,497
12. Income collected during period.....	124,839	314,204
13. Income earned during period.....	123,261	262,535

Schedule DB - Part F - Section 1

**NONE**

Schedule DB - Part F - Section 2

**NONE**



STATEMENT AS OF MARCH 31, 2003 OF THE COLONIAL LIFE & ACCIDENT INSURANCE COMPANY

**SCHEDULE T—PREMIUMS AND ANNUITY CONSIDERATIONS**

Allocated by States and Territories

States, Etc.	1	Life Contracts		Direct Business Only		
		2	3	4	5	6
	Is Insurer Licensed? (Yes or No)	Life Insurance Premiums	Annuity Considerations	Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees	Deposit-Type Contract Funds	Other Considerations
1. Alabama	AL	Yes	824,200	75	3,577,707	
2. Alaska	AK	Yes	34,044		112,609	
3. Arizona	AZ	Yes	556,193	680	2,858,152	
4. Arkansas	AR	Yes	347,683		1,232,692	
5. California	CA	Yes	3,780,873	3,001	19,595,283	
6. Colorado	CO	Yes	539,195	175	1,528,562	
7. Connecticut	CT	Yes	432,983		4,041,974	
8. Delaware	DE	Yes	49,995		163,606	
9. District of Columbia	DC	Yes	41,736		110,940	
10. Florida	FL	Yes	3,400,574	1,140	11,253,686	
11. Georgia	GA	Yes	2,236,791	161	6,908,201	
12. Hawaii	HI	Yes	59,997		148,504	
13. Idaho	ID	Yes	102,978		588,086	
14. Illinois	IL	Yes	465,130		1,885,796	
15. Indiana	IN	Yes	830,705	300	2,314,502	
16. Iowa	IA	Yes	126,338		466,209	
17. Kansas	KS	Yes	206,877		1,124,972	
18. Kentucky	KY	Yes	1,051,922		3,794,536	
19. Louisiana	LA	Yes	1,829,609	139	7,178,544	
20. Maine	ME	Yes	105,797		540,111	
21. Maryland	MD	Yes	566,382	480	2,284,099	
22. Massachusetts	MA	Yes	654,895	163	4,441,261	
23. Michigan	MI	Yes	947,217		3,349,287	
24. Minnesota	MN	Yes	262,797		1,329,189	
25. Mississippi	MS	Yes	1,162,409		4,404,876	
26. Missouri	MO	Yes	365,326		1,938,856	
27. Montana	MT	Yes	103,735		383,530	
28. Nebraska	NE	Yes	121,748		528,960	
29. Nevada	NV	Yes	288,026	275	1,728,879	
30. New Hampshire	NH	Yes	166,206	300	706,380	
31. New Jersey	NJ	Yes	426,336		1,816,480	
32. New Mexico	NM	Yes	376,587	100	1,479,898	
33. New York	NY	No	35,426		126,042	
34. North Carolina	NC	Yes	2,487,564	290	17,773,351	
35. North Dakota	ND	Yes	90,830		299,637	
36. Ohio	OH	Yes	2,428,939	2,451	6,178,718	
37. Oklahoma	OK	Yes	196,698		886,845	
38. Oregon	OR	Yes	87,234		597,146	
39. Pennsylvania	PA	Yes	1,134,047	350	3,990,301	
40. Rhode Island	RI	Yes	85,258		388,580	
41. South Carolina	SC	Yes	1,823,695		6,034,557	
42. South Dakota	SD	Yes	63,600		202,607	
43. Tennessee	TN	Yes	844,395		3,888,278	
44. Texas	TX	Yes	2,598,919	150	10,734,055	
45. Utah	UT	Yes	155,144		925,307	
46. Vermont	VT	Yes	20,025		88,688	
47. Virginia	VA	Yes	965,048	950	3,928,796	
48. Washington	WA	Yes	177,686		1,055,586	
49. West Virginia	WV	Yes	145,351		487,444	
50. Wisconsin	WI	Yes	175,662		1,143,016	
51. Wyoming	WY	Yes	54,827		170,685	
52. American Samoa	AS	No				
53. Guam	GU	No				
54. Puerto Rico	PR	Yes	1,235		62,834	
55. US Virgin Islands	VI	No	261		830	
56. Canada	CN	No	446		3,470	
57. Aggregate Other Alien	OT	XXX	1,667		2,339	
58. Subtotal	(a) 51		36,039,241	11,180	152,785,482	
90. Reporting entity contributions for employee benefit plans	XXX					
91. Dividends or refunds applied to purchase paid-up additions and annuities	XXX					
92. Dividends or refunds applied to shorten endowment or premium paying period	XXX					
93. Premium or annuity considerations waived under disability or other contract provisions	XXX				274,620	
94. Aggregate of other amounts not allocable by State	XXX					
95. Totals (Direct Business)	XXX		36,039,241	11,180	153,060,102	
96. Plus Reinsurance Assumed	XXX		2,063,702			
97. Totals (All Business)	XXX		38,102,943	11,180	153,060,102	
98. Less Reinsurance Ceded	XXX		(1,744,694)	11,180	5,875,957	
99. Totals (All Business) less Reinsurance Ceded	XXX		39,847,637		147,184,144	
<b>DETAILS OF WRITE-INS</b>						
5701. Other Alien	XXX		1,667		2,339	
5702.	XXX					
5703.	XXX					
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX					
5799. Totals (Lines 5701 thru 5703 plus 5798)(Line 57 above)	XXX		1,667		2,339	
9401.	XXX					
9402.	XXX					
9403.	XXX					
9498. Summary of remaining write-ins for Line 94 from overflow page	XXX					
9499. Totals (Lines 9401 thru 9403 plus 9498)(Line 94 above)	XXX					

(a) Insert the number of yes responses except for Canada and Other Alien.



## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplemental is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

RESPONSES

1. Will the SVO Compliance Certification be filed with this statement?

..... Yes .....

2. Will the Trusteed Surplus Statement be filed with the State of Domicile and the NAIC with this statement?

..... No .....

**Explanations:**

**Bar Codes:**

2.



**OVERFLOW PAGE FOR WRITE-INS**

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STATEMENT AS OF MARCH 31, 2003 OF THE COLONIAL LIFE & ACCIDENT INSURANCE COMPANY

**SCHEDULE A - PART 2**

Showing all Real Estate ACQUIRED During the Current Quarter

1 Description of Property	2 Location		4 Date Acquired	5 Name of Vendor	6 Actual Cost	7 Amount of Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances	9 Expended for Additions and Permanent Improvements
	2 City	3 State						
				NONE				
9999999 - Totals								

**SCHEDULE A - PART 3**

Showing all Real Estate SOLD during the Current Quarter, including Payments during the Final Year on "Sales under Contract"

1 Description of Property	2 Location		4 Disposal Date	5 Name of Purchaser	6 Actual Cost	7 Increase (Decrease) by Adjustment	8 Increase (Decrease) by Foreign Exchange Adjustment	9 Expended for Additions, Permanent Improvements and Changes in Encumbrances	10 Book/Adjusted Carrying Value Less Encumbrances	11 Amounts Received	12 Foreign Exchange Profit (Loss) on Sale	13 Realized Profit (Loss) on Sale	14 Total Profit (Loss) on Sale	15 Gross Income Earned Less Interest Incurred on Encumbrances	16 Taxes, Repairs and Expenses Incurred
	2 City	3 State													
				NONE											
9999999 Totals															

STATEMENT AS OF MARCH 31, 2003 OF THE COLONIAL LIFE & ACCIDENT INSURANCE COMPANY

**SCHEDULE B - PART 1**

Showing all Mortgage Loans ACQUIRED during the Current Quarter

1	2		3	4	5	6	7	8	9	10	11
Loan Number	City	Location	State	Loan Type	Date Acquired	Rate of Interest	Book Value/Recorded Investment Excluding Accrued Interest	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Value of Land and Buildings	Date of Last Appraisal or Valuation
<b>NONE</b>											
9999999 Totals											

XX

**SCHEDULE B - PART 2**

Showing all Mortgage Loans SOLD, transferred or paid in full during the Current Quarter

1	2	3	4	5	6	7	8	9	10	11	12	13
Loan Number	City	Location	State	Date Acquired	Book Value/Recorded Investment Excluding Accrued Interest Prior Year	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Book Value/Recorded Investment Excluding Accrued Interest at Disposition	Consideration Received	Foreign Exchange Profit (Loss) on Sale	Realized Profit (Loss) on Sale	Total Profit (Loss) on Sale
100000096	FT LAUDERDALE	FL		08/28/1997	857,881			855,881	855,881			
100000094	ORLANDO	FL		08/26/1997	1,113,196			1,109,871	1,109,871			
0199999 - Mortgages closed by repayment					1,971,077			1,965,752	1,965,752			
9999999 Totals					1,971,077			1,965,752	1,965,752			

STATEMENT AS OF MARCH 31, 2003 OF THE COLONIAL LIFE & ACCIDENT INSURANCE COMPANY

**SCHEDULE BA - PART 1**

Showing Other Long-Term Invested Assets ACQUIRED during the Current Quarter

1 Number of Units and Description	2 Location		3 State	4 Name of Vendor	5 Date Acquired	6 Actual Cost	7 Amount of Encumbrances	8 Book/Adjusted Carrying Value Less Encumbrances	9 Increase (Decrease) by Adjustment	10 Increase (Decrease) by Foreign Exchange Adjustment
	City									
<b>NONE</b>										
9999999 Totals										

**SCHEDULE BA - PART 2**

Showing Other Long-Term Invested Assets SOLD, transferred or paid in full during the Current Quarter

1 Number of Units and Description	2 Location		3 State	4 Name of Purchaser or Nature of Disposition	5 Date Acquired	6 Book/Adjusted Carrying Value Less Encumbrances, Prior Year	7 Increase (Decrease) by Adjustment	8 Increase (Decrease) by Foreign Exchange Adjustment	9 Book/Adjusted Carrying Value Less Encumbrances at Disposition	10 Consideration Received	11 Foreign Exchange Profit (Loss) on Sale	12 Realized Profit (Loss) on Sale	13 Total Profit (Loss) on Sale
	City												
<b>NONE</b>													
9999999 Totals													

STATEMENT AS OF MARCH 31, 2003 OF THE COLONIAL LIFE & ACCIDENT INSURANCE COMPANY

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

1 CUSIP Identification	2 Description	3 Date Acquired	4 Name of Vendor	5 Number of Shares of Stock	6 Actual Cost	7 Par Value	8 Paid for Accrued Interest and Dividends	9 NAIC Designation (a)
<b>BONDS</b>								
Special Revenue & Assessment								
United States								
Dist. of Colum								
313390-YK-8	FHLMC 2412 Z 6.500% 02/15/32	03/01/2003	Interest Capitalization		412,156	412,156		1
313396-BY-6	FHLMC 2369 Z 6.500% 10/15/31	03/01/2003	Interest Capitalization		528,653	528,653		1
31337M-AA-4	FHLMC 2190 ZB 7.000% 10/20/29	03/01/2003	Interest Capitalization		304,884	304,884		1
31337M-SE-7	FHLMC 2196 Z 7.000% 11/15/29	03/01/2003	Interest Capitalization		218,288	218,288		1
31337V-LR-5	FHLMC 2434 Z 6.500% 04/15/32	03/01/2003	Interest Capitalization		170,597	170,597		1
31392A-EJ-3	FNMA 2001-64 ZD 6.000% 11/25/31	03/01/2003	Interest Capitalization		308,177	308,177		1
31392P-AH-8	FHLMC 2458 ZD 6.000% 06/15/32	03/01/2003	Interest Capitalization		238,174	238,174	18,305	1PE
31400H-SL-3	FNMA POOL 688551 5.500% 03/01/33	01/09/2003	J P MORGAN CHASE		10,105,356	9,984,588	18,305	1
	Total Dist. of Colum				12,286,285	12,165,517	18,305	XXX
	Total United States				12,286,285	12,165,517	18,305	XXX
3199999 - Bonds - Special Revenues - United States					12,286,285	12,165,517	18,305	XXX
3199999 - Total - Bonds - Special Revenue					12,286,285	12,165,517	18,305	XXX
<b>Public Utilities (unaffiliated)</b>								
United States								
233331-AJ-6	DTE ENERGY CO SMR NTS 6.375% 04/15/33	03/27/2003	DEUTSCHE BANK		8,029,830	8,000,000		2Z
341081-EQ-6	FLORIDA PWR AND LT NTS 5.625% 04/01/34	03/31/2003	BANK OF AMERICA		9,957,900	10,000,000		1Z
906548-BY-7	UNION ELECTRIC CO 1ST MTG 5.500% 03/15/34	03/05/2003	J P MORGAN CHASE		9,888,300	10,000,000		1PE
	Total United States				27,876,030	28,000,000		XXX
3899996 - Bonds - Public Utilities - United States					27,876,030	28,000,000		XXX
3899999 - Total - Bonds - Public Utilities					27,876,030	28,000,000		XXX
<b>Industrial &amp; Miscellaneous</b>								
United States								
097023-AU-9	BOEING COMPANY BND 6.125% 02/15/33	02/06/2003	Various		4,907,100	5,000,000		1PE
16162T-NV-4	CHASE 1999 S-11 A8 6.750% 08/25/29	02/01/2003	Interest Capitalization		137,664	137,664		1
191098-AF-9	COCA COLA BOTTLE CO 5.300% 04/01/15	03/21/2003	SALOMON SMITH BARNEY		13,487,985	13,500,000		2PE
191219-BF-0	COCA COLA ENTERPRISES 5.750% 11/01/08	03/26/2003	CENTRE REINSURANCE		4,386,640	4,000,000	92,639	1PE
21668W-CC-2	COOPER INDUSTRIES INC 6.375% 05/08/08	03/26/2003	CENTRE REINSURANCE		5,542,750	5,000,000	22,135	1PE
293791-AE-9	ENTERPRISE PRODUCTS PRINS 6.875% 03/01/33	02/07/2003	WACHOVIA		9,884,200	10,000,000		2PE
349631-AG-6	FORTUNE BRANDS DEBS 6.625% 07/15/28	03/21/2003	DEUTSCHE BANK		7,191,362	6,715,000	87,738	1PE
76111J-MF-8	RENIS 2002-S1 A3 6.250% 01/25/32	03/01/2003	Interest Capitalization		285,154	285,154		1PE
803111-CF-7	SARA LEE CORPORATION 6.150% 06/19/08	03/26/2003	CENTRE REINSURANCE		3,330,510	3,000,000	5,638	1PE
86358R-VE-4	SASCO 2002-2 T43 6.550% 02/25/32	03/01/2003	CENTRE REINSURANCE		216,875	216,875		1PE
87612E-AK-2	TARGET CORP DEBENTURES 6.350% 11/01/32	02/27/2003	Interest Capitalization		10,617,000	10,000,000	218,722	1
89604K-AA-6	TRIBUNE COMPANY MTN 6.350% 02/01/08	03/26/2003	UBS WARBURG		2,241,880	2,000,000	46,214	1PE
983024-AA-8	WYETH NTS 5.250% 03/15/13	02/11/2003	CENTRE REINSURANCE		7,459,500	7,500,000		1PE
	Total United States				69,688,620	67,354,693	473,086	XXX
<b>Other Country</b>								
24820R-AG-3	STATOIL 144A NTS 6.500% 12/01/28	03/21/2003	UBS WARBURG		7,857,468	7,330,000	152,199	1
928517-BQ-9	VIVENDI ENVIRONMENT 6.310% 01/31/18	01/01/2003	ROYAL BANK OF SCOTLAND		5,000,000	5,000,000		2Z
	Total Other Country				12,857,468	12,330,000	152,199	XXX
4599996 - Bonds - Industrial and Misc - United States					69,688,620	67,354,693	473,086	XXX
4599998 - Bonds - Industrial and Misc - Other Countries					12,857,468	12,330,000	152,199	XXX
4599999 - Total - Bonds - Industrial, Misc.					82,546,088	79,684,693	625,285	XXX
6099997 - Total - Bonds - Part 3					122,708,403	119,850,210	643,590	XXX
6099999 - Total - Bonds					122,708,403	119,850,210	643,590	XXX
6599999 - Total - Preferred Stocks					XXX	XXX		XXX
7099999 - Total - Common Stocks					XXX	XXX		XXX
7199999 - Total - Preferred and Common Stocks					122,708,403	119,850,210	643,590	XXX
7299999 - Totals					122,708,403	119,850,210	643,590	XXX

(a) For all common stock bearing the NAIC designation "U" provide: the number of such issues

STATEMENT AS OF MARCH 31, 2003 OF THE COLONIAL LIFE & ACCIDENT INSURANCE COMPANY

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
CUSIP Identification	Description	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Book/Adjusted Carrying Value at Disposal Date	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest on Bonds Received During Year	Dividends on Stocks Received During Year	NAIC Designation (a)
BONDS																
US Governments																
United States																
362064-UP-0	GNMA POOL 34790 9.375% 08/15/09	03/01/2003	Paydown		3,868	3,868	3,868	3,868						62		1
362127-SW-3	GNMA POOL 90533 9.375% 09/15/09	03/01/2003	Paydown		326	266	266	294	32					5		1
362160-SP-1	GNMA POOL 161726 8.500% 12/15/16	03/01/2003	Paydown		409	409	390	394	15					6		1
	Total United States				4,603	4,603	4,524	4,556	47					73	XXX	XXX
0399996	Bonds - U.S. Government				4,603	4,603	4,524	4,556	47					73	XXX	XXX
0399999	Bonds - U.S. Government				4,603	4,603	4,524	4,556	47					73	XXX	XXX
Special Revenue & Assessment																
United States																
Dist. of Colun																
312877-DE-1	FGLMC POOL F6067301 7.000% 01/01/26	03/01/2003	Paydown		172,343	172,343	171,482	171,489	854					2,089		1
312878-DE-1	FGLMC POOL F6079441 7.000% 04/01/21	03/01/2003	Paydown		268,164	268,164	265,985	266,007	2,157					2,774		1
312879-DE-1	FGLMC POOL F6079441 7.000% 08/01/27	03/01/2003	Paydown		65	65	65	65						1		1
312879-GT-1	FGLMC POOL D82010 7.000% 08/01/27	03/01/2003	Paydown		103,449	103,449	102,059	102,073	1,376					1,155		1
312926-TJ-5	FGLMC POOL C00553 7.000% 09/01/27	03/01/2003	Paydown		111,449	111,449	110,222	110,222	1,227					1,211		1
313716-BC-3	FNMA POOL 251235 7.000% 10/01/27	03/01/2003	Paydown		10,120,765	10,000,000	10,121,875	10,121,826	(1,061)					155,664		1
313911-UJ-0	FNMA POOL 676587 5.500% 12/01/32	03/12/2003	Various		10,776,235	10,655,470	10,771,678	10,771,678	4,553					162,894	XXX	XXX
	Total Dist. of Colun				10,000	10,000	9,904	9,924	76					363		1
283756-BT-0	EI PASO TEX HSG 7.250% 01/01/24	01/01/2003	Redemption	100,000	10,000	10,000	9,904	9,924	76					363	XXX	XXX
	Total Texas				10,786,235	10,665,470	10,781,582	10,781,606	4,629					163,257	XXX	XXX
	Total United States				10,786,235	10,665,470	10,781,582	10,781,606	4,629					163,257	XXX	XXX
3199996	Bonds - Special Revenues - United States				10,786,235	10,665,470	10,781,582	10,781,606	4,629					163,257	XXX	XXX
3199999	Bonds - Special Revenues				10,786,235	10,665,470	10,781,582	10,781,606	4,629					163,257	XXX	XXX
Public Utilities (unaffiliated)																
United States																
190441-AX-3	COASTAL CORP SR NTS 6.375% 02/01/09	02/21/2003	SALOMON SMITH BARNEY		1,450,000	2,000,000	1,994,080	1,995,928	84			(546,012)	(546,012)	72,604		5
	Total United States				1,450,000	2,000,000	1,994,080	1,995,928	84			(546,012)	(546,012)	72,604	XXX	XXX
3899996	Bonds - Public Utilities - United States				1,450,000	2,000,000	1,994,080	1,995,928	84			(546,012)	(546,012)	72,604	XXX	XXX
3899999	Bonds - Public Utilities				1,450,000	2,000,000	1,994,080	1,995,928	84			(546,012)	(546,012)	72,604	XXX	XXX
Industrial & Miscellaneous																
United States																
03060R-AG-6	AMER CREDIT CORP 9.875% 04/15/06	03/26/2003	BEAR STEARNS		770,000	1,000,000	1,010,000	1,004,799	(462)			(234,337)	(234,337)	45,535		4
042476-AH-4	ARMSTRONG WORLD 7.450% 05/15/29	03/25/2003	UBS WARBURG		4,300,000	10,000,000	2,200,000	2,200,000	295,820			2,100,000	2,100,000	72,079		6
161621-NV-4	CHASE 1999 S-11 A8 6.750% 08/25/29	03/01/2003	Paydown		4,350,262	4,350,262	3,859,893	4,054,442	298,394					74,956		1
172953-LE-9	CMSI 1999-3 A5 6.500% 05/25/29	03/01/2003	Paydown		4,791,219	4,791,219	4,425,888	4,492,825	298,394					3,042		1
33632*-RB-5	BASELL AMERICA 6.760% 01/01/04	01/01/2003	Redemption	100,000	180,010	180,010	180,010	180,010	823			(151,812)	(151,812)	229,500		5
447012-AB-1	HUNTSMAN ICI CHEM 10.125% 07/01/09	03/01/2003	DEUTSCHE BANK		2,820,000	3,000,000	2,961,250	2,970,389	101			(6,398)	(6,398)	26,302		4
65332V-AV-5	NEXTEL COMM 9.375% 11/15/09	02/21/2003	MORGAN STANLEY		823,128	1,000,000	992,020	993,797	274			25,574	25,574	27,152		4
693682-AD-8	PEABODY HOLDINGS 9.625% 05/15/08	02/21/2003	TENDER OFFER	102,125	3,907,430	3,907,430	3,595,446	3,729,638	177,792			186,307	186,307	22,383		1PE
760972-WX-4	RFMSI 1998-S3 A3 6.750% 02/25/28	02/01/2003	Paydown		1,120,000	2,000,000	1,907,500	1,931,546	2,147			86,208	86,208	122,667		4
821068-AF-6	SCOTT'S COMPANY 8.625% 01/15/09	03/27/2003	MERRILL LYNCH		1,551,250	1,500,000	1,453,125	1,464,315	727			(225,958)	(225,958)	35,625		4
870748-AF-6	SILGAN CORP SR SUB 9.000% 06/01/09	03/03/2003	MORGAN STANLEY		1,712,500	2,000,000	1,936,639	1,936,639	1,819			(225,958)	(225,958)	90,000		4
911363-AH-2	UNITED RENTALS INC 9.000% 04/01/09	03/26/2003	MORGAN STANLEY		5,000,000	5,000,000	5,394,850	5,010,042	(10,042)			(369,199)	(369,199)	225,000		1PE
963320-AG-1	WHIRLPOOL CORP 9.000% 03/01/10	03/01/2003	Maturity		1,900,000	2,500,000	2,255,800	2,268,255	944			(369,199)	(369,199)	115,538		3
977385-AK-9	WITCO CORP DEBS 6.875% 02/01/26	03/31/2003	CREDIT SUISSE/FIRST BOSTON		35,213,299	42,034,921	32,944,692	33,034,577	768,337			1,410,385	1,410,385	1,089,779	XXX	XXX
	Total United States				35,213,299	42,034,921	32,944,692	33,034,577	768,337			1,410,385	1,410,385	1,089,779	XXX	XXX
Canada																
669936-AA-4	NOVA CHEMICALS NTS 7.400% 04/01/09	03/13/2003	Various		7,720,000	8,000,000	8,017,370	8,017,326	(336)			(291,990)	(291,990)	271,025		3
694940-AC-1	PACIFICA PAPERS 10.000% 03/15/09	03/28/2003	MERRILL LYNCH		1,040,000	1,000,000	1,012,500	1,009,488	(283)			30,795	30,795	54,722		3
87971M-AC-7	TALUS NTS 8.000% 06/01/11	03/04/2003	MERRILL LYNCH		10,162,500	10,000,000	9,947,800	9,953,634	685			208,181	208,181	210,000		2
	Total Canada				18,922,500	19,000,000	18,977,670	18,975,448	66			(53,014)	(53,014)	535,747	XXX	XXX
Other Country																
400131-AC-2	GRUMA SA DE CV 7.625% 10/15/07	03/26/2003	JP MORGAN CHASE		2,266,912	2,255,000	2,001,313	2,081,244	6,100			179,568	179,568	73,301		3
911300-AC-5	UNITED PAN-EUROPE 10.875% 08/01/09	02/20/2003	CREDIT SUISSE/FIRST BOSTON		368,000	4,000,000	520,000	300,000	220,000			(152,000)	(152,000)			6
	Total Other Country				2,634,912	6,255,000	2,521,313	2,381,244	226,100			27,568	27,568	73,301	XXX	XXX
	Total Industrial and Misc - United States				35,213,299	42,034,921	32,944,692	33,034,577	768,337			1,410,385	1,410,385	1,089,779	XXX	XXX

STATEMENT AS OF MARCH 31, 2003 OF THE COLONIAL LIFE & ACCIDENT INSURANCE COMPANY

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
CUSIP Identification	Description	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Book/Adjusted Carrying Value at Disposal Date	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest on Bonds Received During Year	Dividends on Stocks Received During Year	NAIC Designation (a)
4599997	Bonds - Industrial and Misc - Canada				18,922,500	19,000,000	18,977,670	18,975,448	66			(53,014)	(53,014)	535,747	XXX	XXX
4599998	Bonds - Industrial and Misc - Other Countries				2,634,912	6,255,000	2,521,313	2,381,244	226,100			27,568	27,568	73,301	XXX	XXX
4599999	Bonds - Industrial and Miscellaneous				56,770,711	67,289,921	54,443,675	54,391,269	994,503			1,384,939	1,384,939	1,698,827	XXX	XXX
6099997	Bonds - Part 4				69,011,549	79,959,994	67,223,861	67,173,359	999,263			838,927	838,927	1,934,761	XXX	XXX
6099999	Total - Bonds				69,011,549	XXX	67,223,861	67,173,359	999,263			838,927	838,927	1,934,761	XXX	XXX
7099999	Total - Preferred Stocks					XXX								XXX		XXX
7199999	Total - Common Stocks					XXX								XXX		XXX
7299999	Totals				69,011,549	XXX	67,223,861	67,173,359	999,263			838,927	838,927	1,934,761		XXX

(a) For all common stock bearing the NAIC designation "U" provide: the number of such issues

Schedule DB - Part A - Section 1

**NONE**

Schedule DB - Part B - Section 1

**NONE**

Schedule DB - Part C - Section 1

**NONE**

Schedule DB - Part D - Section 1

**NONE**

